GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Industrial Promotion – Extension of certain incentives under Andhra Pradesh Food Processing Policy 2015-2020 to M/s. Britannia Industries Limited for their proposed Green Field Project - Biscuits and Rusk manufacturing unit in Kuppam, Chittoor District – Orders- Issued.

INDUSTRIES & COMMERCE (PROGRAMME.III) DEPARTMENT

G.O.MS.No. 7 **Dated: 10-01-2017**

Read the following:-

1. M/s Britannia Industries Limited,dt.06-09-2016.
2. G.O.Ms.No.128, Industries and Commerce (Prog.III), dated 24.12.2015.
3. Minutes of the Empowered Committee of Secretaries (EC) held on 26.11.2016
4. Minutes o the State Investment Promotion Board Meeting held on 28.10.2016.
5. Minutes of the teleconference held by the Chairman, State Planning Board, dated:19-11-2016

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O R D E R:-

In the reference first read above, M/s. Britannia Industries Limited proposed to set up a Green Field Project Biscuits and Rusk manufacturing unit in Kuppam, Chittoor District, Andhra Pradesh with an investment of Rs. 145 crores providing direct employment to 900 people directly and 100 people indirectly.

2. In the reference second read above, Government has granted special package of incentives for their proposed project in Kuppam, Chittoor District under Andhra Pradesh Food Processing Policy 2015-2020.

3. The Company in the reference first read above, requested for the following benefits, stating that the location being a backward area requires support in terms of operational issues to make the project viable.

(1) Water and Power supply : In order to have uninterrupted water supply for the current and future operations, requested for confirmed assurance from the Government for adequate water supply for operations and power supply of 2000 KVA.

(2) Approach road - Double carriage approach road connecting the site to the nearest highway.

(3) Additional Freight cost – Reimbursement of freight loss of Rs.5.00 crore per annum at full scale operations.

(4) Lack of skilled manpower : Reimbursement of the fixed cost increase towards the skill and capacity development cost of Rs.1.5 to 2.0 crores per annum for 2 years.

(contd...2)

4. In the reference third read above, the Empowered Committee of Secretaries (EC) in its meeting held on 26-11-2016 discussed the above proposal and recommended the following incentives in addition to the incentives granted in the reference second read above.

(1) The Empowered Committee noted that the Special Officer KADA (Kuppam Area Development Authority) has issued a letter indicating that the area is feasible for drawl of 200(KLD) Kilo Liter per Day of ground water. However, Empowered Committee recommended the Irrigation Department to issue feasibility for supply of surface water from Handri Niva reservoir to meet the future requirements.

(2) With regard the 33 KV line from Lakshmipuram sub-station to the Company site (5 KM) and double carriage BT approach road of 2.5 KM and 7 mts carriage width Empowered Committee suggested to tap the resources available under Special Development Fund available with the District as this being located in a Backward district will improve the connectivity for the locals and provide livelihood for the people in the nearby villages.

(3) To consider the cost of skill up-gradation at Rs.1.5 crores assistance per annum for 2 years.

(4) Empowered Committee has suggested exploring the possibility of providing freight subsidy through other incentives as there is no precedence. Furthermore, they recommended that the period of incentive should be capped.

5. In the reference forth read above, State Investment Promotion Board in its meeting held on 28.11.2016 discussed the proposal in detail and decided to extend the following incentives to the Company:

(i) The Board directed the Irrigation Department to issue feasibility for supply of surface water from Handri Niva reservoir to meet the future requirements, since Special Officer KADA (Kuppam Area Development Authority) issued a letter indicating that the area is feasible for drawal of 200 KLD (Kilo Liter per Day) of ground water.

(ii) With regard the 33 KV line from Lakshmipuram sub-station to the Company site (5 KM) and double carriage BT approach road of 2.5 KM and 7 mts carriage width, the Board suggested to tap the resources available under Special Development Fund available with the District as this being located in a Backward district will improve the connectivity for the locals and provide livelihood for the people in the nearby villages.

(iii) To consider the cost of skill up-gradation at Rs.1.5 Crores assistance per annum for 2 years.

(contd...3)

(iv) Industries Department to take decision on the modalities of extending Rs.5.00 crore per annum freight subsidy, subject to ratification by State Investment Promotion Board.

6. Government after careful examination of the proposal and in view of the recommendations of the State Investment Promotion Board, hereby extend the following incentives to M/s Britannia Industries Limited in supersession of the orders issued earlier in the reference second read above for their Green Field Project, Biscuits and Rusk manufacturing unit in Kuppam, Chittoor District, Andhra Pradesh with an investment of Rs. 145 Crores providing direct employment to 900 people directly and 100 people indirectly.

(i) 100% VAT&CST reimbursement for a period of (7) years or up to realization of 150% of the investment, whichever is earlier as this was investment in a backward area of the State by a marquee investor and having the potential to drive further investment into the area. Further it was decided not to quote the incentive granted now as precedence, while finalizing future investment proposal.

(ii) Irrigation Department will issue feasibility for supply of surface water from Handriniva reservoir to meet the future requirements.

(iii) To provide 33 KV line from Lakshmipuram sub-station to the Company site (5 KM) along with bay at Sub-station and metering equipment, estimated at Rs.4.29 crore.

(iv) Double carriage BT approach road of 2.5 KM and 7 mts carriage width, estimated at Rs.3.85 crore

(v) To consider the cost of skill up-gradation at Rs.1.5 crores assistance per annum for 2 years

(vi) 25% subsidy limited to Rs.20.00 crore and the subsidy will be paid on annuity @ Rs.5.00 crore per annum for a period of 4 years, as a special case, being a marquee investment in the backward area and having the potential to drive further investments into the area as per the minutes of the teleconference held by the Chairman, State Planning Board and Secretary to Government, Industries & Commissioner of Industrial Promotion, vide reference fifth read above.

(vii) All other incentives as per the Food Processing Policy 2015-2020

6. The Director of Industries, Andhra Pradesh, Hyderabad, the Vice Chairman and Managing Director, Andhra Pradesh Industrial Infrastructure Corporation, Vijayawada shall extend the incentives/facilities mentioned in Para 6(i) to (vi) and the Chief Executive Officer, Andhra Pradesh Food Processing Society, Hyderabad shall take necessary action on para 6 (vii) accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

M.GIRIJA SHANKAR
SECRETARY TO GOVERNMENT (FP) (FAC)

To
The Director of Industries, Andhra Pradesh Hyderabad.

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The Vice Chairman and Managing Director, Andhra Pradesh Industrial Infrastructure Corporation, Vijayawada
The Chief Executive Officer, Andhra Pradesh Food Processing Society, Hyd.
The M/s Britannia Industries Ltd., through the Director of Industries, Hyd.

Copy to:
The Finance (FMU-REV-IC)Dept.,
The Revenue (CT) Department.
The Revenue (Registration) Department.
The Energy & I.I (Energy) Department.
The Irrigation (Reforms) Dept. .
The Law (H) Department.
The Accountant General, Andhra Pradesh, Hyderabad
The Commissioner of Commercial Taxes, Andhra Pradesh, Vijawada
The Chairman & Managing Director, APTRANSCO.
The Managing Director, APSPDC Ltd., Titupati
The Collector and District Magistrate, Chittoor.
The Zonal Manager, Chittoor
P.S. to Principal Secretary to Chief Minister.
P.S. to Chief Secretary to Government
P.S. to Secretary to Government & CIP, Industries & Commerce Dept.
P.S to Secretary to Government, (FP) Industries & Commerce Department SC/SF.

//FORWARDED::BY ORDER//

SECTION OFFICER